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Making Weather-Related Insurance Claims

Generally, Policies Can't Be Cancelled For Three Weather-Related Claims In Three Years

Baltimore, MD -- (October 21, 2003) – As citizens recover from Hurricane Isabel, Maryland Governor Robert L. Ehrlich, Jr. and Insurance Commissioner Alfred W. Redmer, Jr., want all Maryland homeowner's insurance policyholders to understand what state law says about making insurance claims for weather-related damage.

"In the wake of Hurricane Isabel we are expecting a sharp increase in claims for homeowner's insurance," Governor Ehrlich said. "It is important for Marylanders to understand what protections they have under the State law, especially with regard to cancellation or non-renewal."

"Maryland insurance law," Commissioner Redmer explains, "says that with respect to homeowner's insurance, an insurer may not cancel or refuse to renew coverage for homeowner's insurance based on claims history of an insured for weather-related claims, unless there are three or more weather-related claims in the last three years. That means that after the third weather-related claim in a three-year period, your company may re-evaluate whether it wants to continue your policy at renewal time. It doesn't mean they will cancel or non-renew you, it means they can decide if they want to continue the risk."

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Weather-Related Claims Add One

Consumers should also be aware that they will probably see an increase in insurance premiums because of the huge losses incurred by the insurance companies from the storm.

The law, however, is very specific about previous damage that is not fixed. The Maryland Insurance Article 27-501 says that an insurance company may consider canceling or non-renewing a policy for weather-related events if the company provided a written repair notice to the insured for reasonable or customary repairs or replacement for previous damage and the insured failed to make the repairs which now have caused additional loss.

That means that if you made an insurance claim for a weather-related loss in the past and you did not fix the damage at that time, and you have more damage now because the original damage was not fixed, your insurance company can consider whether it wants to continue you as a customer.

According to COMAR, the Code of Maryland Regulation, weather-related damage claims are defined as damage caused by snow, rain, sleet, hail, lightning, freezing, thawing, change in barometric pressure, or a similar condition.

Although the law references weather-related claims, there is no mention made of non-weather-related claims. Homeowner's insurance companies in Maryland may decide not to renew a policy after even one non-weather-related claim. In most cases, companies accept more claims than that, but they can make that determination according to their underwriting guidelines, as long as they apply it fairly to all customers.

If people have questions or concerns about filing a claim for weather-related damage, they can contact the Maryland Insurance Administration at 1-800-492-6116 or go to the MIA web site, www.mdinsurance.state.md.us.